

**CHADBOURNE & PARKE LLP**

30 Rockefeller Plaza  
New York, New York 10112  
Telephone: (212) 408-5100  
Facsimile: (212) 541-5369  
David M. LeMay  
Christy L. Rivera

*Counsel to HSBC Bank USA, National Association,  
as trustee, as attorney-in-fact for  
Horizon II International Limited*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----  
In re: : Chapter 11 Case No.  
: :  
**LEHMAN BROTHERS HOLDINGS INC., et al.** : 08-13555 (JMP)  
: :  
Debtors. : (Jointly Administered)  
-----

**LIMITED RESPONSE AND RESERVATION OF RIGHTS OF  
HORIZON II INTERNATIONAL LIMITED TO THE DEBTORS' ONE HUNDRED  
EIGHTY-EIGHTH OBJECTION TO CLAIMS (DUPLICATIVE LPS CLAIMS)**

Horizon II International Limited ("Horizon"), by and through HSBC Bank USA, National Association, as trustee (the "Trustee"), as attorney-in-fact for Horizon, and the Trustee's undersigned counsel, hereby submits this limited objection and reservation of rights (the "Limited Response") regarding the Debtors' One Hundred Eighty-Eighth Objection to Claims (Duplicative LPS Claims) (the "Objection") [Docket No. 19871], and respectfully sets forth and represents as follows:

**Background**

1. Beginning on September 15, 2008 (the "Petition Date") and periodically thereafter, Lehman Brothers Holdings Inc. ("LBHI") and certain of its subsidiaries (together with

LBHI, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 *et seq.* (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of New York (the "Court").

**A. Bar Date and Proof of Claim**

2. On July 2, 2009, the Court entered its Order Establishing the Deadline for Filing Proofs of Claim, Approving the Form and Manner of Notice Thereof and Approving the Proof of Claim Form (the "Bar Date Order") [Docket No. 4271]. The Bar Date Order provided procedures for the "filing of any and all claims (including any claims under a related Guarantee) against the Debtors arising from securities issued by the Debtors or any of the Debtors' affiliates outside of the United States, solely to the extent identified on <http://www.lehmandocket.com> under the heading 'Lehman Programs Securities' (any such security, a 'Lehman Program Security')." Bar Date Order at 12. The Bar Date Order established November 2, 2009 as the deadline for each person or entity to file proofs of claim based on any Lehman Program Security (the "LPS Bar Date").

3. On or about November 2, 2009, Horizon timely filed proof of claim number 62720 (the "LBHI Claim") in which it sought, in part, \$8,420,766.67 with respect to a security with ISIN XS0186852728 (the "Security"). The LBHI Claim further asserted and claimed that (i) the Security was held by Lehman Brothers Commercial Corporation Asia Limited ("LBCCA") as custodian for the Claimant and (ii) LBCCA, which is in liquidation in Hong Kong, was party to a subcustodian arrangement with Lehman Brothers International (Europe) ("LBIE") with respect to the Security.

**B. LBIE and LBCCA Dispute Regarding the Security**

4. On information and belief, LBIE asserts that it has a general lien on certain property until certain liabilities and obligations of LBCCA have been satisfied (the "Extended

Lien"). On information and belief, LBCCA and LBIE currently do not agree as to whether the Security constitutes property subject to the Extended Lien. On information and belief, to date LBIE has not agreed that the Security free and clear of its asserted Extended Lien.<sup>1</sup>

**C. Objection**

5. On September 12, 2011, the Debtors filed the Objection, in which the Debtors seek to disallow and expunge the LBHI Claim solely with respect to the Security<sup>2</sup> on the basis that the LBHI Claim is duplicative, in part, of a claim asserted in proof of claim no. 62783 (the "Surviving Claim"), which was filed by LBIE as custodian of certain Lehman Program Securities for its clients.

**Limited Objection and Reservation of Rights**

6. Horizon does not oppose the relief sought by the Debtors in the Objection so long as LBIE continues to assert the Surviving Claim solely as custodian and for the benefit of Horizon, as the beneficial holder of the Security. In the event that LBIE later disputes that Horizon is the beneficial owner of the Security free and clear of all liens or fails to provide proper assurance that any distribution on the claim will be held in a segregated account for the benefit of Horizon, Horizon hereby reserves its rights to assert that the Objection with respect to the Security is no longer valid and that the Security should be reinstated as part of the LBHI Claim to preserve Horizon's right to recovery under the Security while Horizon resolves the issue

---

<sup>1</sup> On or about September 2, 2011, the Trustee received a letter (the "Letter") from the liquidators of LBCCA updating the Trustee on the liquidators' ongoing discussions with the joint administrators of LBIE regarding the validity and enforceability of the Extended Lien with respect to certain assets held by LBIE, including the Security.

<sup>2</sup> The LBHI Claim also asserts claims for three other securities. The Objection explicitly provides that the Debtors seek to expunge the LBHI Claim solely with respect to its claim relating to the Security. The Debtors do not seek pursuant to the Objection to expunge any other portion of the LBHI Claim.

of ownership with LBCCA and LBIE.

WHEREFORE, for the reasons set forth herein, Horizon respectfully requests entry of an order consistent with this Limited Response and such other and further relief as is just and proper.

Date: New York, New York  
November 11, 2011

**CHADBOURNE & PARKE LLP**

By: /s/ David M. LeMay  
David M. LeMay  
A Member of the Firm  
30 Rockefeller Plaza  
New York, New York 10112  
Telephone: (212) 408-5100  
Facsimile: (212) 541-5369

*Counsel to HSBC Bank USA, National  
Association, as trustee, as attorney-in-fact for  
Horizon II International Limited*